THE *Market Administrator's* BULLETIN

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Published at 79 East State Street, Columbus, Ohio 43215
ISSUED FOR PRODUCERS WHO ARE NOT MEMBERS OF COOPERATIVE ASSOCIATIONS

MAY, 1967 Vol. 22 No. 5

Domestic Consumption of Milk Drops In 1966

The Dairy Situation, Economic Research Service, USDA, March, 1967

Preliminary estimates put 1966 domestic use of milk in all fluid and manufactured dairy products at 119.5 billion pounds (milk equivalent, fat solids basis). This is about 1½ percent below the 121.4 billion pounds in 1965. Total domestic sales likely increased about 1 percent to about 115 billion pounds, despite rising retail prices. Rising employment and wages strengthened the demand for milk and dairy products in 1966.

Fluid sales (product pounds) in major urban markets totalled about 1½ percent higher in 1966 than in 1965. Sales of skim milk products were up around 12 percent. Whole milk sales were unchanged. However, sales of milk and cream mixtures and of fluid cream were down 4 percent from a year earlier.

Total consumption of milk in manufactured dairy products was about 60 billion pounds—a decline of about 3 percent from 1965. CCC donations of butter fell to 49 million pounds in 1966 from 149 million a year earlier. As a result of this drop and lower commercial disappearance, total butter consumption dropped 12 percent. Use of American cheese rose to 1,233 million pounds—up about 3½ percent form 1965 despite the drop in school lunch and welfare donations to 4 million pounds from 83 million in 1965. There is some indication that cheese purchased with local funds was used in substantial quantities in school lunch programs. Total use of other types of cheese rose an estimated 7 percent. Total domestic consumption of ice cream was about the same in 1965 and 1966. Ice milk continued gains of recent years. Domestic use of evaporated milk followed its longtime downtrend. Consumption of condensed milk (bulk and case goods) was estimated near the 1965 level. Despite the sharp 1966 increase in whole sale prices, domestic use of nonfat dry milk rose about 7 percent. School lunch and welfare program distribution of nonfat dry milk was an estimated 126 million pounds in 1966—down from 146 million in 1965.

Total domestic use of milkfat declined to an estimated 4,468 million pounds—down 1.3 percent from 1965 —in line with reduced total use of milk. However, 94 percent of milkfat supplies were used for domestic food consumption, compared with 93 percent in 1965.

Total domestic use of milk solids not-fat rose to 8,172 million pounds, up 1 percent from 1965. Domestic use for food amounted to a record 76 percent of supplies, compared with 72 percent of supplies in 1965 and 69 percent average in 1957-59. This gain was due to both increased use and lower supplies.

Prospects are that retail prices for dairy products will average seasonally lower in the first half of 1967 than at the end of 1966. However, for the year as a whole they are likely to be around 3-4 percent above 1966. This increase, rising living cost and smaller prospective gains in desposable income may limit 1967 gains in dairy product sales. However, prospects are that total use of milk in all products will rise somewhat from 1966 low levels as a result of population growth and larger CCC donations of butter and cheese for domestic programs, as supplies become available from increasing CCC purchases.

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MARKET FACTS FOR EASY REFERENCE

	April 1967	March 1967	April 1966
PRICE SUMMARY			
Producers' Uniform Price (3.5%)	$4.87	$5.31	$4.58
Class I (3.5%)	5.50	5.68	5.13
Class II (3.5%)	3.91	3.91	3.47
Producer Butterfat Differential for each one-tenth percent	8.9¢	9.2¢	8.4¢
UTILIZATION SUMMARY			
Percent of Producer Milk in Class I	75.3	82.4	81.0
Percent of Producer Butterfat in Class I	69.1	74.3	75.2
Percent of Producer Milk in Class II	24.7	17.6	19.0
Percent of Producer Butterfat in Class II	30.9	25.7	24.8
PRODUCER MILK RECEIPTS			
Total Pounds Producer Milk Delivered	47,113,195	44,996,524	46,416,326
Average Daily Class I Producer Milk	1,570,440	1,451,501	1,547,211
Total Number of Producers	1,540	1,547*	1,575
Average Daily Receipts per Producer	1,020	936	982
Average Butterfat Test	3.75	3.85	3.76
Total Value of Producer Milk at Test	$2,493,757	$2,534,837.	$2,319,500
Income per Producer (7 Day Average)	$377	$369.	$343
GROSS CLASS USE (Pounds)			
Class I Skim	34,257,682	35,788,085	36,271,825
Class I Butterfat	1,222,814	1,288,398	1,311,493
Class I Milk	35,480,496	37,076,483	37,583,318
Class II Skim	11,086,680	7,474,012	8,401,043
Class II Butterfat	546,019	446,034	431,965
Class II Milk	11,632,699	7,920,046	8,833,008
AVERAGE DAILY SALES (Quarts)			
Milk	414,782	418,866	462,137
Buttermilk	5,825	5,749	6,683
Chocolate	31,754	28,945	32,830
Skim	12,200	12,051	13,587
Cream	6,823	6,719	6,229

*Corrected figure

COMPARATIVE STATISTICS ☆ COLUMBUS MARKETING AREA ☆ APRIL, 1958 - '67

Year	Receipts From Producers	Average Butter-fat Test	Percentage of Producer Milk in Each Class				Uniform Producer Price (3.5%)	Class Prices at 3.5%				Number of Producers	Daily Average Production
			Class I	Class II	Class III	Class IV		Class I	Class II	Class III	Class IV		
1958	25,127,358	3.73	78.0	9.2	8.9	3.9	3.81	4.350	3.950	3.350	2.927	1,821	460
1959	27,016,706	3.75	83.8	8.4	2.6	5.2	3.81	4.314	3.914	3.489	2.869	1,772	508
1960	28,853,090	3.83	78.1	8.0	3.2	10.7	3.63	4.195	3.795	3.532	2.904	1,690	569
1961	28,736,091	3.80	79.2	7.5	2.1	11.2	3.79	4.328	3.928	3.729	3.119	1,243	771
1962	33,768,621	3.82	75.7	7.9	3.6	12.8	3.65	4.22	3.899	3.617	2.997	1,317	855
1963	38,742,885	3.77	74.2	7.9	4.0	13.9	3.55	4.10	3.713	3.605	2.985	1,381	935
1964	41,344,881	3.77	72.8	6.2	3.2	17.8	3.73	4.16	3.728	3.623	3.003	1,344	1,025
1965	46,055,974	3.78	78.7	21.3	——	——	3.98	4.47	3.170	——	——	1,654	928
1966	46,416,326	3.76	81.0	19.0	——	——	4.58	5.13	3.47	——	——	1,575	982
1967	47,113,195	3.75	75.3	24.7	——	——	4.87	5.50	3.91	——	——	1,540	1,020

CCC Removals Rising In 1967

The Dairy Situation, Economic Research Service, USDA, March, 1967

This year through February USDA already removed from the market larger quantities of butter and cheese through price support and related programs than in all of 1966. The quantities removed in 1966 equaled 0.6 billion pounds of milk (0.5 percent of estimated marketing), down sharply from 5.7 billion pounds (4.8 percent of marketings) in 1965. USDA purchases in 1966 were the lowest since the 350 million pounds (milk equivalent) purchased in 1952.

The 1966 net removals were 25.1 million pounds butter, 10.8 million pounds of cheese, and 365.8 million pounds of nonfat dry milk. Included in these amounts were 2.6 million pounds of butter and 2.4 million pounds of nonfat dry milk which were final shipments under the Payment-In-Kind program, suspended on March 2, 1966.

During the first 9 months of 1966, CCC purchased only 6.7 million pounds of butter and no cheese. Low levels of production and strong consumer demand, kept market prices of butter and cheese above the support purchase prices from February to early December. However, starting October 21, USDA began buying butter and cheese at market prices under authority provided by Section 709, Food and Agriculture Act of 1965. Section 709 purchases were stopped on December 12 after wholesale butter prices fell to the CCC support purchase price. Under this authority, USDA bought 9.7 million pounds of butter and 15.3 million pounds of cheese. Deliveries to the USDA in the fourth quarter of 1966 from both Section 709 and prices support purchases amounted to 15.8 million pounds of butter and 10.8 million pounds of cheese. Purchases of nonfat dry milk under the price support program occured in each month of 1966 but in sharply reduced amounts from 1965.

In January and February 1967, CCC took delivery of 16.3 million pounds butter; 15.9 million pounds process cheese and 119.1 million nonfat dry milk. USDA purchases under the price support or related programs are likely to continue to be substantial throughout the first half of 1967 and for the year may total over 3 billion pounds milk equivalent.

Feeding of Grain and Concentrates to Milk Cows Continues to Rise

The Feed Situation, Economic Research Service USDA, March, 1967

The rate of feeding grain and other concentrates per cow has increased as dairy numbers declined. In the calendar year 1966, grain and other concentrates fed per cow averaged 3,200 pounds, 8 percent above that in 1965 and 27 percent above the 1960-64 average. Total grain and other concentrates fed to dairy cows on farms where milk or cream was sold in 1966 amounted to 22.6 million tons. Dairy cows on farms January 1 were estimated at 15.2 million head, 5 percent less than the year before and 17 percent less than the 1961-65 average.

As of April 1, 1967 daily feeding of grain and other concentrates averaged 10.6 pounds per cow—2 percent above that date in 1966, and nearly 20 percent above the 1961-65 average. Although the reported feeding rate on April 1 was a record high for that date, there were indications of some tapering off in the feeding of concentrate-type feeds to dairy cows since last fall. The increase in the daily feeding last fall and early winter was about 7 percent, above the year before, but averaged about 3 percent higher during the late winter and early spring. The feeding rate was about the same as—or above—last year's in most areas of the country, except the Northeastern States. In this region, the rate was above the 5-year average, but below a year earlier, probably due to improved pastures and increased forage supplies.

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Market Quotations

APRIL 1967

MINNESOTA - WISCONSIN PRICE SERIES	**$3.98**
Skim Milk Powder-Butter Price, 3.5% per Cwt. (Columbus)	**3.91**
Average Price per lb. 92-score butter at Chicago	**.6645**
Average carlot prices non-fat dry milk solids roller and spray process, f.o.b. manufacturing plant	**.1947**

Feed Supplies Down, Prices Above '66

The Dairy Situation, Economic Research Service USDA, March, 1967

The 1966-67 supply of all feed concentrates—feed grains, wheat and rye for animal feed, and by-product feeds—is down about 5 percent from a year earlier. With a larger number of feed-consuming livestock than a year ago, the supply of feed concentrates per animal unit for 1966-67 is estimated at 1.33 tons, about 10 percent less than a year earlier. Feed grain supplies in the current marketing year are estimated to be 6 percent below year earlier levels. Feed grain use for livestock feed is expected to increase this marketing year, due to an increase in livestock numbers and continued heavy feeding per animal. Supplies of high protein feeds (soybean meal equivalent) available for feeding are expected to be about 2 percent above a year earlier, due primarily to additional soybean meal supplies.

The value of dairy rations in February averaged $3.27 per 100 pounds, up 7 percent from a year earlier. Farmers paid $4.03 per 100 pounds for 16 percent dairy feed in February—about 6 percent above a year earlier. Increases occured in all regions except New England. Since February milk prices averaged over 11 percent above a year ago, the milk-feed price ratio rose to a February record of 1.55 from 1.48 a year earlier. Although feed prices are expected to remain above a year earlier in the first half of 1967, milk prices are likely to be substantially higher. Therefore, the milk-feed price ratio in first half of 1967 is expected to continue above the 1.46 average of a year earlier.

Farmers paid an average $35.90 per ton for baled alfalfa hay in February compared with $34.40 a year earlier, despite slightly larger supplies. May-December 1966 disappearance increased by 10 percent, indicating a strong demand for hay and heavy feeding per animal unit. Despite generally heavier hay supplies in recent years, expanding numbers of roughage consuming livestock in past years have led to increased demand for hay. This resolted in higher hay prices and greater volumes sold.

Farmers received $26.20 per ton for baled alfalfa hay in February—4 percent above year earlier prices and 11 percent above the 1961-65 average. Increases occurred in all regions, except in the Northeastern and East North Central regions.

OAT AND BARLEY SUPPLIES WELL BELOW AVERAGE

The Feed Situation, Economic Research Service, USDA February, 1967

Supplies of oats and barley for 1966-67 have been reduced substantially during the past 8 years, due principally to declining production. The 1966-67 oat supply is estimated at 1,119 million bushels, about 8 percent less than in 1965-66 and the smallest in 30 years. Domestic use of oats during July-December totaled 440 million bushels, slightly larger than a year earlier. January 1 stocks were reduced to 660 million bushels, about 100 million less than on that date in 1966. Present indications are that the carryover of oats next July 1 may be around 50 million bushels less than the 316 million bushels carryover on July 1, 1966.